

Law Offices

MARTINEZ & CURTIS, P.C.

Michael A. Curtis
Jay M. Martinez (1943-2000)
William P. Sullivan
Susan D. Goodwin
Larry K. Udall
Anja K. Wendel
Paul R. Michaud
Kelly Y. Schwab
Phyllis L. New
K. Russell Romney

2712 North Seventh Street

PHOENIX, ARIZONA 85006-1090

Telephone (602) 248-0372
Telecopier (602) 266-8290

OF COUNSEL

Joseph F. Abate
Thomas Hine
G. Eugene Neil
Jeffrey A. Katz
Richard S. Allemann

REFER TO FILE NO. 102

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October 28, 2003

Ms. Jean Gray
Western Area Power Administration
Post Office Box 6457
Phoenix, Arizona 85005-6457

DSW REGIONAL OFFICE OFFICIAL FILE COPY		
Date	Initial	Code
	OCT 29 2003	
10/29/03	JF	56002
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Re: Comments to Western on Parker-Davis 2008 Contract

Dear Jean:

These are generic comments on behalf of some clients. Clients may also make their own individual comments.

SCHEDULE MEETINGS:

Under the 2008 contract, Western should agree to routinely perform cash-flow analysis concerning any advance funding. It must conduct annual or more frequent meetings with customers at times which allow the customers to plan in advance for their respective fiscal and operating years. Western must show that advance funding is covering the appropriate activities. Adjustments in advance funding and OM&R must be made at a time subsequent to the meetings, but not more than annually, and allow for time for customers to react.

MSI:

Western should commit to negotiate with and involve the P-DP FES customers in the creation of an MSI to implement the operation of the P-DP 2008 contract, its provisions on advance funding and other provisions of the P-DP contract. The MSI should be reviewed in a bi-annual process.

ONE TIME AOF FOR OM&R:

Under certain conditions to be inserted in the MSI to be developed, customers could be asked to make a 1-month advance of transmission OM&R payment to Western one time. The amount and frequency of such advances needs to be discussed and resolved.

RESOLVE AMBIGUITIES:

The ambiguous provisions of the P-DP contract concerning advance funding must be reconciled in the MSI by negotiations with the customers.

FUNDING OTHER WESTERN ACTIVITIES:

In the MSI, it should be discussed if customers are by way of their advances to fund some other presently performed or to-be-performed Western activities, Western must agree to present annually or more frequently for customer consideration the work program and data for the other activities as well as new activities for customer consideration. Customers must be given choices to advance fund other activities believed to be not appropriate for inclusion in the P-DP standard contract, but still agreed upon by some or all customers choosing to do so and to be set forth in the individual customer MSI.

With appropriate discussion, customers can agree to fund present Western core activities and staffing with this advance, including normal escalation. These activities must be identified by the P-DP contract and in the MSI and must be funded yearly by advances.

The APA advance-funding contract can be used as a partial model.

RATE PROCESS:

Western must not change the process for determining rates and must establish rates in the normal fashion, from which Western decision customers can appeal.

Western must agree that by utilizing the 1-month advance as forward funding, it will be reducing future appropriations requests accordingly.

CUSTOMER OBJECTIONS:

When customers object to advance funding certain of Western activities, Western must either agree or opt to seek appropriations to cover those activities. Customers can then support or oppose appropriations; or Western can continue with implementing advance funding under the MSI reconciliation of the P-DP contract language, but it must still follow the normal rate setting process thereby permitting customers to appeal if they desire.

TRANSMISSION CONSTRUCTION (CAPITALIZED) FUNDING:

Transmission construction projects must be defined as those projects that are presently identified as such to Congress in associated appropriations requests.

Customers must determine by way of the JPA and 10-year plan which projects are funded as Customer Funded Projects ("CFP"). A consensus mechanism should be developed to communicate commitment to fund each specific project well in advance of the project to thereby enable Western to seek appropriations if it determines such action is needed

For all projects not funded by customer, but determined to be critical by Western, Western must seek appropriations. Projects not CFP must be identified to and by Western to the customers well in advance in order for Western to have time within the appropriations process to seek appropriations if Western determines it needs to; and for customers to support or oppose. Appropriation-funded projects must be rate-based as is done today.

REVENUE STREAM-CREDITS:

Upon completion of a CFP project, CFP must be included as a revenue stream requirement in the rate structure, with appropriate payments or other crediting means to make CFP funding members whole.

DESIGN:

It would be understood Western will provide the design, construction, construction supervision, and commissioning work for CFP facilities, but with a CFP option to do it under Western supervision.

OPTION:

If CFP participants arrange for the design and/or construction (to Western's standards) at a significant cost savings from Western's provided design and construction work within the same delivery parameters, CFP should be allowed to provide the design and construction. Significant cost savings must be defined in this instance as a firm bid that is at least 10 % below that of Western's.

In all cases, Western must provide the construction supervision and commissioning work.

CUSTOMER HELP IN COST CONTROL:

Customers must be in a better position to help Western control costs, direct investment, and to manage investment costs with this new P-DF AOF arrangement. With Western help, customers must be placed in a better position to ensure local needs are met by

Ms. Jean Gray

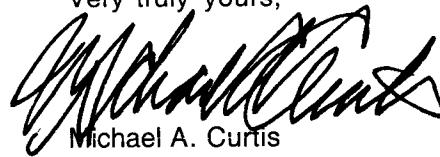
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arranging for needed investment. Customers must be able to leverage the transmission capability of Western to meet their future load needs and new communication and working relationship processes should be implemented.

These are generic comments. Each client reserves the right to submit to own individual comments.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael A. Curtis", written in a cursive style.

Michael A. Curtis

For the Firm

MAC/sdc